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American Dream 2.0 Report Declares High College Failure Rate a National Crisis

National leaders form coalition to call for financial aid system overhaul as part of the solution

Washington, D.C. — Facing a growing national crisis in which 46 percent of those who enter a U.S. college fail to graduate within six years, a first-of-its kind coalition of national leaders issued a call to action to make the financial aid system work better for students and the country.

The double jeopardy of declining college affordability and the unacceptably high number of students who enter college but do not complete is eroding the American Dream and weakening our nation's ability to compete. Today, only 37 percent of African Americans and 42 percent of Hispanic students graduate within 6 years. Our financial aid system, created decades ago to help more students get through the front door, must now do more.

Underwritten by the Bill & Melinda Gates Foundation, *The American Dream 2.0* is endorsed by college and foundation presidents, civil rights leaders, state policymakers, college access advocates, business leaders, and the foremost authorities on financial aid. They have come together to declare that the time is right for smarter financial aid investments that both expand access to postsecondary education *and* increase the number of graduates. *The American Dream 2.0* offers a comprehensive framework for how the hundreds of billions invested in the financial aid system can increase college access, affordability, *and* completion.

"Education is an economic issue," says Marc Morial, president of the National Urban League and a coalition member. "We have to build a more equitable system of higher education to make us more competitive in the world economically."

At the same time that college tuition is rising faster than family income, state support is declining, which means that students pursuing the American Dream are left to take on even more debt. Since 2002, total annual borrowing has more than doubled, from roughly \$56 billion to \$113 billion in constant dollars. Burdened with large amounts of debt and no degree, many students default on their loans.

To begin addressing these problems, the coalition urges our nation's leaders to make fundamental changes to student aid while adhering to three very specific goals:

- Make the financial aid system simpler and more transparent.
- Embrace innovations that serve all students especially nontraditional students.
- Urge institutions, states, and students to share responsibility for producing more graduates without compromising on access and affordability.



“These recommendations are critical to reforming our nation’s financial aid system and should work in tandem with state and institutional policies to ensure credential completion,” said Virginia Secretary of Education and coalition member Laura Fornash.

Currently, the patchwork quilt of grant, loan, and tax benefits make applying for financial aid too complex. Research suggests that simplifying the needs analysis and application alone could significantly increase enrollment.

Furthermore, the coalition calls on the financial aid system to support innovative delivery models that can lower the cost of postsecondary education and better serve the growing number of “nontraditional” college students. Today only 15 percent of students live on campus, 38 percent are enrolled part-time, and 25 percent have children.

Last, the coalition calls for a new financial aid system that fosters a culture of success. “At times over the last two decades it seems like we’ve been more comfortable doing nothing than doing something when it comes to improving federal financial aid. But given the fiscal realities and the national imperative to increase postsecondary attainment, doing nothing comes at an increasingly higher cost to the country,” suggests Jamie Merisotis, president and CEO of Lumina Foundation and a coalition member. Today’s structure and delivery is based on enrollment, regardless of whether or not students complete.”

“Higher education is a model that is charging by the transaction and not the outcome,” observes coalition member Dr. Carl Camden, president and CEO of Kelly Services, a Detroit-based staffing agency. “We must do better.”

As part of *The American Dream 2.0*, HCM Strategists partnered with Hart Research Associates in collaboration with The Winston Group to conduct comprehensive public opinion research on what the public believes about college, affordability, and student financial aid. The research goes deep into the perceptions of parents, students, policymakers and institutional leaders to surface both challenges and opportunities as they relate to improving the aid system. “While many Americans say that major changes are needed in higher education, our research debunks the idea that the public has started to doubt whether college is still worth it,” said Geoff Garin, president of Hart Research Associates. “African American and Hispanic parents in particular have high aspirations for their children to graduate college. For them, the question is not whether college is worth it but whether college success is attainable under today’s circumstances.”

The coalition hopes that just as the “Nation at Risk Report” sparked a national debate in the 1980’s about high school dropout rates, this report will similarly shine a bright light on college dropout rates and the impact not only to the lives of individual students but collectively to the health and well-being of our nation. “Every citizen should have an opportunity to earn a credential,” says Eduardo Padrón, president of Miami Dade College, where more than two-thirds of students come from low-income families. “Anyone who doesn’t get a college credential will never escape the cycle of poverty.”

More information on *The American Dream 2.0* including the full report, complete list of coalition members, Hart public opinion research, and fact sheets can be found at:

www.hcmstrategists.com/americaandream2-0

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